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UNCLAS WARSAW 000111

SIPDIS

E.O. 12958: N/A

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SUBJECT: BUDGET IS PASSED; ELECTIONS STILL POSSIBLE

REF: WARSAW 76

1. Voting well past midnight on January 25, the Polish Parliament passed the budget proposed by the ruling Law and Justice (PiS) party by a vote of 269 to 180. Voting was protracted owing to 225 proposed amendments, each considered and voted individually. The budget was passed by a party-line vote: PiS, together with the smaller parliamentary parties (Self Defense, SO; the League of Polish Families, LPR; and the Polish Peasant's Party, PSL), voted in favor, while the opposition Civic Platform (PO) and Alliance of the Democratic Left (SLD) voted against. Nearly half of the amendments were proposed by PO, and most were rejected. Other amendments, like SO's proposed "farmers' bonus," passed.

2. The passage of the budget does not mean that the threat of early elections has passed. In comments after the votes, PM Marcinkiewicz and PiS party chief Jaroslaw Kaczynski both said that PiS would need to "fix the budget" in amendments to be considered by the Senate on January 30 and 31. After the Senate has its turn, the bill will return to the Sejm for reconciliation, past the constitutional deadline for completing budgetary action, thus providing President Lech Kaczynski the window to dissolve the Parliament and call for early elections should he want to (reftel).

3. Separately, PiS announced that Jaroslaw Kaczynski would hold talks on Friday, January 27 with SO, LPR and PSL on the proposed "Stabilization Pact" that PiS has proposed to avoid early elections. With so many moving parts, bets are still off on whether PiS will opt for a coalition with these smaller parties or go the electoral route.
ASHE